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SUBJECT: AMBASSADOR AND USAID DIRECTOR MEET WITH FINANCE
MINISTER ON MILLENNIUM CHALLENGE ACCOUNT

1. SUMMARY: On February 6, Ambassador, USAID Director, and PA officer (note taker) met with Finance Minister Saifur Rahman to discuss the Millennium Challenge Account (MCA). The USAID Director presented a list of benchmarks, developed by the Mission, directed at assessing Bangladesh's commitment to ending corruption. These included an effective anti-corruption commission, improvement in transparency of government, reform of oversight and policy institutions, and adoption and implementation of international norms.

2. The FM complained that some "thoroughly corrupt" countries did receive MCA funds; AMB acknowledged this but stressed that they had made visible and strong efforts to combat corruption in their countries. The USAID Director added that USAID Administrator/Director-General Natscios, as a Board member of the Millennium Challenge Corporation (MCC), does want to support Bangladesh's bid but corruption is standing in the way. The USAID Director noted that of 16 criteria for MCA eligibility, Bangladesh is "solid" on 11, but needs to show sincere, strong, and measurable efforts on three or four other criteria.

3. He noted that despite common perception, Transparency International's corruption perception index is not the primary basis for the decision, saying that MCA MCC gauges efforts and looks at numerous other data sources and reviews countries' meaningful progress in fighting corruption. He also pointed out that the Anti-Corruption Commission is not a solution to the problem of corruption. For the government to demonstrate its support for anti-corruption efforts, it must avoid the creation of committees and commissions and take realistic, progressive steps.

4. The USAID director noted that of 16 criteria for MCA, Bangladesh is "solid" on 11, but needs to show sincere, strong, and measurable efforts on three or four other criteria.

4. The FM acknowledged that the Anti-Corruption Commission is not working the way it should and that it is crippled by internal arguments to the extent that it cannot work coherently. The existing staff is problematic, the chair is unwilling to agree to take steps to correct the infighting, and he feels that moving them to a new commission would be putting "old wine into new bottles."

5. While many points from the list were discussed, some key reactions from the FM are:

The requirement to disclose publicly the accounts of development projects seemed to be the most unpalatable. The FM discussed at length his perception that a Human Rights Commission (HRC) was unnecessary since human rights are guaranteed in the preamble to the Constitution,

"jealously guarded" by the Court, and too many commissions can "paralyze progress." He promised to look into establishing an HRC and said he would not "write it off" although he believes it is not necessary.

He prefers to establish an Office of the Ombudsman before working toward HRC.

The FM noted that he has discussed the Freedom of Information Act (FOIA) with the Law Minister and has studied a copy of India's FOIA.

He described the Official Secrets Act as "rubbish" and said that he would like to see it removed.

6. The Finance Secretary was proposed as a point of contact for the USAID Director to use in MCA discussions. The FM reiterated his unhappiness with MCA funding. AMB and USAID Director cited President Bush's remark that corruption is a big obstacle in developing countries.

THOMAS